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REFER TO:
SERIAL No.

7958

8 October 1957

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CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 2 JUN 1980 REVIEWER: 006657

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Attention:

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Subject: Task Order "A" Supplement 4

1. In accordance with the request made during the conference telephone call of 2 October 1957, the Contractor has prepared in detail a cost breakdown of the funds expended to date and the requirements to complete. The following listed Exhibits and Schedules are attached:

1. Exhibit I - Estimate of Requirements to Complete
2. Exhibit II - Summary of Costs and Requirements
 - a. Schedule A - Details of Material Costs to 9/15/57
 - b. Schedule B - Details of Labor Costs to 9/15/57
 - c. Schedule C - Costs Incurred to 9/20/57 not billed

2. The status of completion of this Task Order is reflected by the following per centages:

Engineering	32.0%	68.0%
Shop	96.0%	4.0%
Materials & Subcontracting	46.6%	53.4%
Other Costs		
Total Project	57.6%	

3. As shown on Exhibit II, it is estimated that a total of \$24,345 will be required to complete the project. This amount excludes the funds remaining on the project as of 9/20/57 in the amount of \$873.

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4. The original proposal was presented, using the Engineering Burden, Shop Burden, and General and Administrative Expense rates set forth in the Basic Contract, which were developed over our fiscal year 1 June 1955 to 31 May 1956. These rates do not reflect true costs as experienced during the period that the contract was in progress. This has contributed considerably to our requirement for additional funds. The contractor's overhead rates have increased during the last fiscal year and currently are as follows:

Engineering Overhead	94.11%
Shop Overhead	54.69%
General & Administrative Expense	19.38%

These rates are, of course, subject to verification.

5. It is our understanding that changes in current regulations now provide that the Contracting Officer may accept as provisional rates for bidding and billing purposes the rates that are developed from the contractor's books of account and subject to audit. If this had been the practice in this case, we believe that the present lack of funds would have been minimized.

6. As justification for the additional funds requested, the Contractor wishes to present the following explanations:

The contractor's original proposal dated 28 February 1957 was predicated on costs experienced on a similar unit and did not provide for the time spent on several ideas that were expected to be improvements and expected to be highly desirable for this configuration.

- (a) A considerable amount of engineering time and some shop time has been expended on a loading device which was believed would facilitate and speed up the loading of the dispenser. After a mock-up of the unit was made, it proved to be unsatisfactory and the idea was dropped.
- (b) Because of the configuration of the aircraft, it was considered necessary to design special hoisting equipment to ease the problem of placing the dispenser in the bomb bay. Several approaches to this problem had been made before a satisfactory solution was achieved.

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- (c) The contractor also was desirous of incorporating certain mechanical improvements in the new units that had been found necessary by the flight tests at Eglin Air Force Base in the earlier units. The costs of these improvements were not anticipated at the time of the original proposal and are responsible to a major extent for this request for additional funds.
- (d) The contractor stated in the original proposal that the estimate for materials included the necessary paper for Preliminary and Flight tests, but the estimated amount of \$3,500.00 was inadvertently omitted from the cost breakdown.

It is this contractor's recommendations that the paper requirements be reduced to only that amount necessary for preliminary testing at the contractor's plant and one test flight in the vicinity of Los Angeles. The estimated amount of this paper is 1 1/2 loads at a cost of approximately \$2100. This amount is now included in Exhibit I.

7. All work has been stopped on this program, but it can be completed within 90 days after receipt of authorization to proceed. This contractor believes that it will be to your best interest to continue this project to completion and requests that consideration be given to the early release of the Stop Work Order and that a Contract supplement can be issued that will increase the total estimated costs by \$24,345 with no increase in fee or change to the other contract conditions except for the period of performance, which should be extended to 1 March 1958.

8. This contractor regrets the need for this request and trusts that concurrence of the Contracting Officer to this request will be forthcoming.

Very truly,

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JS:cb

Enclosures

cc:

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EXHIBIT I

**TASK ORDER A, SUPPLEMENT NO. 4
ESTIMATE OF REQUIREMENTS TO COMPLETE**

Material & Supplies		\$ 3,972
Paper for Preliminary Tests (1 1/2 loads)		2,100
Engineering Labor		
Design & Analysis	\$ 750	
Detail Drawings	1,500	
Final Drawings	500	
Final Report	<u>250</u>	
		\$ 3,000
Engineering Burden @ 94%		2,820
Shop Labor		
Fabrication of Components	\$ 2,000	
Sub Assy. & Final Assy.	2,500	
Testing	<u>500</u>	
		\$ 5,000
Shop Burden @ 75%		3,300
Insurance & Flight Bonus		300
Pack, Crate & Ship		<u>800</u>
		\$ 21,292
General & Administrative Expense @ 19.38%		<u>4,126</u>
Total Estimate to Complete to Exhibit II		<u>\$ 25,418</u>

NOTE: All totals rounded to nearest dollar

EXHIBIT II

**TASK ORDER A, SUPPLEMENT NO. 4
SUMMARY OF COSTS AND REQUIREMENTS**

Original Cost Estimate		\$ 22,222
Total Costs Recorded per Books to 9/15 Details on Schedules A & B	\$ 18,592	
Plus Costs of Undelivered Items in Process and Obligated as of 9/20/57 Grow Manufacturing Co. (2 P.O.'s)	\$ 2,028	
Plus Cost of Items Received to 9/20/57, Detailed on Schedule C	<u>281</u> 2,309	
Plus General & Administrative on above @ 19.33%	<u>447</u>	
	<u>2,757</u>	
Total Funds Remaining on Contract @ 9/20/57		\$ <u>21,349</u> 873
Less: Estimate to Complete From Exhibit I		<u>25,418</u>
Total Additional Funds Required		<u>\$ 24,345</u>

NOTE: All totals rounded to nearest dollar

SCHEDULE A

23-72
MATERIALS ON HAND 9/20/57

P/N	P/Name	Quantity	Cost	
290-262	Tab Rail	312	\$ 140	
290-255	Roll Shaft Ext.	50	44	
290-257	Roll Shaft Insert Gear End	100	42	
290-258	Roll Shaft Insert Free End	100	42	
290-109	Roll Shaft Ext.	60	52	
290-105MC	Dial Plates	1	53	
290-232	Feed Weight Flaps	600	99	
290-254	Roll Shafts (Nicholson)	160	384	
				\$ 856
AN 507-1024-R10	Screw	1000	\$ 10	
MS 25002-1	Switch	4	34	
LS 2729A-ELK5507	Knob	10	18	
MISC. AN HARDWARE		Various	23	
5103-75	Retaining Ring	1120	30	
Z48-80-40	Box	2	5	
22 NA1-82	Anchor Nuts	20	1	
22 NA7-68-82	Nuts	20	2	
S3KDD-FS 160	Bearing	102	69	
52-012-052-0750	Rod Pin	1000	6	
22 NA1-02	Anchor Nuts	300	16	
Misc. Electrical Equipment		Various	369	
AN3102E-32-7S		3	21	
MS-25024-1	Relays	25	279	
OHM-0656		1	14	
Misc. Electrical Equipment			88	\$ 985
Raw:	Sheet Aluminum		\$ 302	
	Sheet Aluminum		325	
	Angle Aluminum		149	
	Shelby Tube		77	
				\$ 853
				\$ 2,694
				182
				\$ 2,512

Less Discount

NOTE: All totals rounded to nearest dollar

SCHEDULE B

23-72

DIRECT LABOR EXPENDED TO DATE

~~Engineering -~~

~~May -~~
~~June -~~
~~July -~~
~~August -~~
~~September -~~

Engineering

April	\$ 302
May	653
	410
June	382
	95
July	1120
	1541
August	996
	645
September	<u>410</u>

\$ 6,554

Plus Engineering Overhead

5,863

Total Engineering Labor & Overhead

\$12,417

Shop

May	
June	2,069
	2,028
July	16
August	68
	<u>23</u>

\$ 204

Plus Shop Overhead

111

\$ 315

NOTE: All totals rounded to nearest dollar

SCHEDULE C

**TASK ORDER A
COSTS INCURRED BUT NOT BILLED TO 9/20/57**

C. J. Nicholson	290-108 Roll Shaft Assembly	50	\$ 30
C. J. Nicholson	290-066 Roll Shaft	55	33
C. J. Nicholson	290-253 Roll Shaft Assembly	50	30
Grow Mfg. Company	290-206 Bearing Support	110	182
Telephone Charges			<u>7</u>
Total to Exhibit II			<u>\$ 282</u>

NOTE: All totals rounded to nearest dollar